File No. 179

Serial Nos. 142

Previous References

10 213/7L 150/1

Later References

LB 77 - 29
(1 - 4)
HS 173 - 29 (20, 25 29-30.)

General and Revenue Secretariat

L.B. 172 - 29 (36, 50, 51, 53, 59, 60, 61)

Serial Nos.

Part B for

UBIECT

Proposal of the Dr Bd Kdlr to create a Sinking fund for the [illegible] of the debenture loan raised [illegible] the B

Record [illegible] pages Dr Bd Kdlr Eno D dr 13/27-28 * 28 & 28/1-0 28 regarding copy of resolutions of the [illegible] agreement of the [illegible]

NOTIFICATION

No. Rl. 2092—*L. C., dated the* 13*th November* 1931

Under Rule 8 of the Rules for the conduct of business of the Mysore Legislative Council, the accompanying Bill to amend the Mysore District Boards' Regulation, 1926, is published for general information with the statement of objects and reasons

By order,

C. SUBRAHMANYA AIYAR,
Ex-officio *Secretary*,
Mysore Legislative Council.

Bill further to amend the Mysore District Boards' Regulation 1926.

Whereas it is expedient further to amend the Mysore District Boards' Regulation, 1926: It is hereby enacted as follows:—

For section 68 of the said Regulation, the following shall be substituted :—

"68 (1) The District Board may levy with the previous sanction of the Government and subject to such rules or orders as may be framed by the Government in this behalf a railway cess not exceeding six pies in the rupee on all items of revenue on which local cess is levied. Power of District Board to levy Railway cess.

(2) The cess levied under sub-section (1) shall, unless it is required for immediate use, be deposited in the Government Savings Bank or in any other Bank approved by the Government or invested in securities approved by the Government.

3 The cess and the interest or other income derived from its investment in a Bank or in securities or on construction of a railway or tramway shall, except as provided in sub-section (4) be utilised subject to such rules or orders that may be framed by the Government, for all or any of the purposes specified below :—

(*a*) for the construction, maintenance and management of tramways and railways and other charges incidental thereto

(*b*) for discharging the loan or loans raised by the Board, for the construction of tramways and railways and for payment of interest thereon and other expenditure, incidental thereto, and

(*c*) for guaranteeing the payment of interest on capital expended on any railway, tramway or other works which may directly improve the means of communications within the District or between the District and other Districts.

(4) The whole or any portion of the interest or other income derived from investment of the railway cess in a Bank or in securities or on construction of a railway or tramway may, with the previous approval of the Government and subject to such orders as may be made by it, be utilized for works which may improve the means of communications in the District, provided it is not immediately required for expenditure on or it is in excess of the amount required for, the purposes specified in clauses (*b*) and (*c*) of sub-section (3)."

STATEMENT OF OBJECTS AND REASONS.

Applications have been received from District Boards of Chitaldrug and Tumkur for the utilisation of railway cess and interest on railway cess respectively for improvement of ordinary communications. It is considered desirable to amend section 68 of the District Boards' Regulation so as to allow the utilisation on works which may improve the means of communications in the District of the whole or any portion of the interest derived from investment of railway cess not immediately required for expenditure or the income from railways which is in excess of the amount required for repayment with interest of the loans raised, or the amount required for guaranteeing the payment of interest on capital expended for construction of tramways or railways.

NOTIFICATION

No. P. 4411—Legis. 45-31-3, dated 6th February 1932.

Under Order 49 of the Standing Orders for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Bill further to amend the Mysore District Boards Regulation, 1926, is published for general information.

By Order,
N. MADHAVA RAO,
Chief Secretary to Government.

Report of the Select Committee on the Bill further to amend the Mysore District Boards Regulation, 1926.

We, the undersigned, members of the Select Committee to which the Bill further to amend the Mysore District Boards Regulation, 1926, was referred have considered the Bill and have now the honor to report that the Bill requires no change, except that the word "Mysore" may be inserted before "Government Savings Bank" in sub-clause (2) so as to be in conformity with the language of sub-section (2) of section 62

The Bill need not be re-published

K. Matthan (*Chairman*).
K. V. Anantaraman.
G. Channappa.
D. S. Mallappa.
M. C. Linge Gowda.
R. Ranga Rao.
K. R. Srinivasiengar.

(subject to a qualifying note)

BANGALORE,
Dated 29th January 1932.

Mr. S. Chengalraya Reddy, the other member of the Committee, was unable to be present at the meeting.

Qualifying note of *Rajasabhabhushana* K. R. Srinivasiengar

NOTIFICATION

No. P. 4411—Legis. 45-31-3, dated 6th February 1932.

Under Order 49 of the Standing Orders for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Bill further to amend the Mysore District Boards Regulation, 1926, is published for general information.

By Order,
N. MADHAVA RAO,
Chief Secretary to Government.

Report of the Select Committee on the Bill further to amend the Mysore District Boards Regulation, 1926.

We, the undersigned, members of the Select Committee to which the Bill further to amend the Mysore District Boards Regulation, 1926, was referred have considered the Bill and have now the honor to report that the Bill requires no change, except that the word "Mysore" may be inserted before "Government Savings Bank" in sub-clause (2) so as to be in conformity with the language of sub-section (2) of section 62.

The Bill need not be re-published

K. Matthan (*Chairman*).
K. V. Anantaraman.
G. Channappa.
D. S. Mallappa.
M. C. Linge Gowda.
R. Ranga Rao.
K. R. Srinivasiengar.

(subject to a qualifying note)

BANGALORE,
Dated 29th January 1932.

Mr. K. Chengalraya Reddy, the other member of the Committee, was unable to be present at the meeting.

*Qualifying note of *Rajasabhabhushana* K. R. Srinivasiengar.

WD 1110—GBPM—5,000 forms—16-4-27

	Serial No.	

Letter no: 213 dated 9th Nov: 19
from the Agent to Govt for orders
Govt Railway Secretariat
Letter No R.B. 744 dated 3rd Nov: 192
regarding Settlement & Claims of the
Railway Board
Railway Board
respect of the Railway

The Auditor brings to notice
in his letter dated 22nd Nov 1927 that
the Railway Board has not so far
made any arrangements for raising
a Sinking Fund for the redemption
of the Debenture Loan excepting
investment of Rs 2,90,218 from
the Capital collected and that
necessary to raise a Sinking
Fund for the balance by making equal
annual payments by the Railway
of the Sources of income of the Railway
as are specified in
the document under Cl 9(b) of the
Working Agreement of the Railway
from which the Board can
Contribute to the Fund as per

WD 1110—GBPM—5,000 forms—16-4-27

Serial No.

Clause 9-(8)

2 A copy of the Directors Letter may be sent to the President Board for his remarks

3 Subject to above

16

4 The Director Personnel in this Directorate in this Command may be obtained

The question raised by the Auditor in his letter No.B.B.744 dated 3rd November 1927 is about the starting of a Sinking Fund in consultation with the District Board for the relinquishment of the Debenture Loan as provided for in Clause 12 of the Agreement by utilising

(a) Interest realised by the Board from the 3½ per cent securities;
(b) Railway Cess collections,
(c) Board's share of net earnings over and above the amount of guaranteed interest payable to the Debenture holders,

though according to Clause 9 (g) and 12 of the Agreement, it should be raised out of the share of surplus profits due to the Board.

The amount of the Debenture Loan raised by the Kolar District Board is assumed to be Rs.4,48,000. Of this, a sum of Rs.2,90,318 is invested in the 3½ per cent Government Paper of a nominal value of Rs.3 lakhs, leaving only a balance of Rs.1.57.682 of the Loan actually contributed towards Capital outlay. If at all a Sinking Fund should be started it will be for this small amount.

From a perusal of the previous correspondence on the subject obtained from the Agency, it will be seen that the question of starting a Sinking Fund is an off-shoot of the adjustments made with reference to G.O.No.L.8697-760/L.B.114-24-5 dated 7th June 1927 sanctioning certain modifications in terms of the Agreement as detailed below:-------
before the issue of which the Railway Department was not consulted:-

Serial No.

8
The file of papers in this connection obtained from the General Secretariat is put up (flag B(2))

(a) Guaranteed interest should be allowed on the total amount of the debenture loan raised by the Board limited however to the total capital contributed by the Board in each year.

(b) The net earnings from the Railway should be distributed in proportion to the capital contributed by the Government and the District Board in each of the years and.

(c) Interest on over-drawals by the Board will as a matter of concession, be charged at two and two-thirds per cent instead of four per cent in accordance with agreement interest at the same rate being allowed to the Board on amounts due but withheld from being paid on the due date.

8 The net earnings realised from the Kolar District Railway for the period from December 1913 to June 1926 amounted to Rs.3,27,[illegible] out of this a sum of Rs.1,85,133 was already adjusted or paid t the credit of the District Board as guaranteed interest or as rebate According the re calculati now made in terms of the Govt. Order dated 7th June 1927 referred to above. the amount due to the Dist. Board has been worked out to Rs.2,33,927. Owing to the recovery of Rs.25,803 as overdue interest from the Board, the [illegible] payments were reduced to Rs.2,08,944.

The portion of the net earnings actually left to the credit of Government for working the Kolar District Railways between 1913 and 1926 works out to Rs.1,19,748, in re-imbursement for the following services:-

(i) working the Railway at the same percentage of Working Expenses as on the Metre Gauge,

(ii) providing half the share of Capital outlay amounting to Rs.[illegible] to end of June 1927.

NOTE—Contn. sheet.

Serial No.

(iii) helping the District Board with overdrawals from the Treasury to maintain its half share at a reduced rate of interest at 2⅔ per cent instead of 4 per cent as provided in the Agreement.

/10 In addition to these the District Board retained to itself the interest realised on the 3½ per cent Government securities and has also been saved from payment of guaranteed interest from Railway cess collections as provided in para 7 of G.O.No.Fl. 4932-82/G.F.163-13-1 dated 22nd April 1914.

/11 As more fully explained in another file in connection with B.C.L.Ry' claim for a share of surplus profits for 1919-20, the financial arrangements in regard to these worked lines may have to be considered with a view to bring them in conformity with the policy laid down in G.O.No.L.1844-900/L.B.63-26-1 dated 9th September 1926 in order to retain the propriety rights of these lines with Government. The Board had once before asked Government to buy up the Railway (Vide First Member's Minutes dated 23rd October 1925).

/12 This file also may be referred to the Financial Secretary for favour of remarks.

Financial Secy 13/12/27 24.3.28

Copy kept on note file (Copies are printed for circulation with Annual Comparison)

S.No. 1026 7/3/12/27

H '49-9-8-17/12/2)

NOTE—Contn. sheet

Serial No.

13 The repayment of the debenture loan raised by the Kolar District Board is guaranteed by Government and it is necessary that as pointed but by the Auditor, arrangements should be made without delay for the constitution of a Sinking Fund with a view to the discharge of the loan liabilities on the due dates. The amount of debenture loan raised by the Board is Rs 4,48,000.

14 Regarding the formation of the Sinking Fund, the President of the Kolar District Board was agreeable so far back as in 1925 to invest annually a sum of Rs 50,000 out of the Railway Cess collections of about Rs 70,000, (reserving the balance of about Rs 20,000 towards capital requirements) so that within a period of 12 years the fund may accumulate to an amount sufficient to discharge the loan liability. In my note dated 15th March 1927 (vide para 35 in the Secretariat collection) I pointed out the desirability of continuing the levy of the Railway Cess at six pies per rupee with a view to the Loan Sinking Fund being formed out of ~~such~~ the collections for the discharge of the loan liability so that the investment already made in the Securities by the Board might be released for supplementing the slender resources of the Board. As, however, the arrangement suggested by the President has not

Serial No.

been adopted and as the Railway Cess has now been reduced from six pies to three pies per rupee, the investment made by the Board in the Government of India 3½ per cent paper, which may be just sufficient to repay about half the debenture loan, should be ear-marked towards the loan sinking fund. If the interest on these securities amounting to about Rs 10,500/- per annum be also credited to the Sinking Fund and reinvested till date of redemption it would be sufficient if an equal amount (viz., Rs 10,500) be ~~allotted for~~ earmarked to this fund out of the Railway Cess Collections. This arrangement will, I believe, be satisfactory from all points of view and may be acceptable to the Board The third resource referred to by the Auditor viz., the Board's share of the net earnings, if any over and above the amount of guaranteed interest, may be credited to the Board's general funds.

15 In the settlement of the outstanding questions, Government considered that in view of its slender resources, the Board deserved to be sympathetically dealt with and the Government Order of 7th June 1917 was the result of such consideration.

16 In the event of Government undertaking the construction of the Bangalore-Hosur railway, the financial arrangements in regard to the working of the Bangalore-Chickballapur

Serial No.

Light Railway and the Kolar District Board Railways will, I think, have to be modified in conformity with the policy laid down in Government Order of 9th September 1926 as suggested by the Railway Secretary.

1.12.27.

The Financial Secretary agrees with the Aud r regarding the formation of a Sinking Fund as ovided for under Clause 12 of the Kolar District ilway Agreement

The file may be transferred to the General Secretary for favour of taking further action, as Govt. Order No.L.8697-760/L.B.114-24-5 dated 7th June 1927 was issued by that Secretariat.

General and Revenue Secretariat. | LB | File No. 179 | of 192

Serial No.

Submitted.

It is not clear from the papers in the records when the repayment of the debenture loan raised by the Board was guaranteed by Government ~~as stated by the Financial Secretary~~ Under para 3 of the agreement, Government have guaranteed the payment of interest only.

Under para 2 of the same agreement, Government can insist on the formation of a sinking-fund out of the surplus profits accruing under clause 9 The Railway has not now been yielding even the four per cent guaranteed interest. Under these circumstances, it is not clear how the District Board can be compelled to form a sinking fund. At best Government may perhaps advise the Board to make adequate provision for the discharge of the loan that has already been raised.

2. The amount of the loan contracted by the Board is about Rs.4,48,000/ Against this there is an investment of the face value of Rs.3,00,000/- in the Government of India 3½% Securities fetching annually about Rs.9,500 exclusive of income-tax.

3) At the present market rate (76 per cent) the securities yield about Rs.2,28,000/- and the Board has to lay by about Rs.2,20,000 more to fully discharge the loan. Two ways are open to the Board in the matter

(1) To raise a new loan for discharging the existing liability

NOTE—Contn. sheet.

WD 0324—GPB—60,000—

3203

App. F. III—2]

General and Revenue Secretariat. | File No. 179 of 1927

Serial No.

1 (2) To form a sinking fund at its discretion out of the Railway Cess Collections, which at 3 pies in the rupee will yield about Rs.47,000 annually

2) The Board cannot divert the Railway Cess collections for its ordinary expenditure. By excerise of some scrutiny in passing future budgets or by requiring that surplus balances of the Board should be deposited inthe Government Savings Bank the object of forming a sinking fund will perhaps have been secured

3) There is thus no need of further action being taken to form a sinking fund The Board may continue to spend the interest from investments in the Government of India securities as it best likes Any capital expenditure that may be incurred by Government on behalf of the Board may be deducted out of the ~~District~~ District Board portion of the earning from the Railway and the reminder only may be made payable to the Board, ~~besides~~ besides the guaranteed interest every ~~year~~ year

13/11/28

26) The Accountant and the Fin (Secy agree in thinking that actuarial ... s no need to question the view we may write to the Board and ask for their views Draft ... also Refer to order guaranteeing ... repayment of Please get it ... from

NOTE—Contn. sheet.

WD 0324—GPB—60,000—24-5-27

General and Revenue Secretariat.

File No 179 of 192

Serial No.

Reg. Govt Debt (Is not available here).

Bmw
24

Subd 27) Re Bombay order guaranteeing payment of loan raised by the Port Trust Bds. is not available here

28) Para 3 of the Agreement detailing the extent of aid rendered to the Govt clearly states that Govt guarantee the payment of interest on the loan raised for the construction of the Railway by the Bds. at 4% & makes no mention of any guarantee for payment of loan & mind reference is also invited to Govt of India No 7L 4932-81/Ry 163-13-1 dt 22 4/16 laying down general terms & conditions offered by Govt to the notes of light Railways, no mention of any guarantee to repay loan raised by promoters (be they Dist Bds or private parties) has been made therein

30) If approved the H Secretary would be consulted on the point

31) Draft letter to the Govt Bombay is also submitted

6276/3/2

Ed 30/11 & 3/11

Govt Members

H 2083

6

NOTE—Contn. sheet.

Ref above in the Agreement raised at Para 2 (a)

General and Revenue Secretariat. HB File No. 179 of 192

Serial No.

The Financial branch has —
by file 168-18-1 dated regarding rules
granting concessions to feeder Railways
in the State & Returned and mark up —
flag A

Subject
noted
21-2-28

11558/14

Vide paras 13 & 16 supra
Ahlers) MV
11/2/28

With reference to kindly note
the branch upon which we
4
14/2/28

per M. Khan
please
bring up
on

The repayment of the loan by is ascertainable
from the completion office and is
guaranteed by Govt and only the interest
charges by the Govt Board have similarly agreed
to form the sinking fund

Subject
noted
21/2/28

The Finance Branch has no
papers on the point at X
I personally enquired in
the Controller's office There also
are no papers regarding guarantee
of repayment of loan
Ahlers) MV
27/2/28

B2053d

App. F. III—2]

General and Revenue Secretariat. | File No. 179 of 192

Serial No

K 2082

35 The primary Cond was under which the Dr Board was authorised by Govt Bram a scm for financing the share of Govt in the scheme was that provision should be made by means of Sinking Fund to pay off the whole Capital advanced during 25 years

Clause 12 of the Dr agreement finally concluded with the Dr Board was that by the Sinking Fund accumulated the Govt with the consent of the Debenture holders should purchase & the Govt of Dr Commissioner was arranged to make the liability

There is a clear moral responsibility on the part of Govt that the debenture holders are paid back the principal amount on the due date of redemption

I think there is no objection to the Dr Board being asked to make the necessary provision for the repayment of the loan on the due date as suggested in the note of 12 29

6/8/29

Shaw portion Draft accordingly

28/8/29

NOTE—Contn. sheet

26 Secy with the draft already put up

Sd
9/3 9/10/29

WD 0821—GPB—60,000—24-5-27

General and Revenue Secretariat. File No. 1-17 of 192

Serial No.

2694

1.10.31.28

12846/153

1783/21/3

By the draft answer herewith is submitted for Communication

Dy Secy) 28 28/10/3

The draft seems alright 17.3.28

Dy Secy para 32 Sec to Govt Home Dept) 28/20/3

(39) 28/21/3/20

(40) Form 28/21/3

No. 5992 / 28 & 28. To President District Board Kolar among other things suggests the desirability of building up a sinking fund for the discharge of the debenture loans raised by the Board and enquires how he should proceed to do the same and requests him to place the suggestions before the Board and communicate their views to Govt very early

Enquiry No. A 4/20 2 11/6

Letter No. D. Dis 13/27 & dated 29.5.28 / 1.6.28 from the President, District Bd. Kolar. Forwards a copy of the Resolution

NOTE—Contn. sheet.

6258

App. F. III—2]

General and Revenue Secretariat. File No. 1774 of 192

Serial No.

of the Bombay Bo Nolan agreeing to the proposal on Crown a Sinking fund for the discharge of the debenture loan raised by the Board

Submitted with reference to para 34 of the Correspondence 2576 May perhaps be amended by para 3 of 884

2nd (Secretary) 1/VII

R 4025 28.8.28 9/7/28

OFFICE OF THE SECOND MEMBER OF COUNCIL. 12 JULY 1928 No. 604

2576

1/10/7 1912

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

APP. F. VI. Gl.]

SUBJECT.....

.....

.....

Section

File No

Serial No.

No.

Diary No. of letter replied to.....

To

General and Revenue Secretariat

the *192*

Date of issue.....

Signed by.....

List of enclosures.....

Copied by.....

Examined by.....

55000

investment

interest on these investments

also be

they accrue till date of redemption

in equal amount

its fund

no realisations of the Bd's share

Net earnings, if any, over & above

amount of guaranteed interest

may also be considered

A report should be

sent up to Govt as early as possible

showing what action the Bd proposes

to take thereon

I have

The Board's share of the net earnings, if any, over & above the guaranteed interest may be credited to the Board's General funds

My attention may be placed before the Bd & their views communicated to

Govt

3/2

Fin Sec

No. 678 / Encs. 3

OFFICE OF THE PRESIDENT DISTRICT BOARD
KOLAR DISTRICT.

Dated, Kolar, the 29th May. 1928

L6258

From

C. B. Gopala Rao, Esquire,
President District Board, KOLAR

LB/179 27 2

To

R. RANGA RAO, ESQUIRE, B.A., B.L.,
SECRETARY TO THE GOVERNMENT OF MYSORE.
GENERAL Department, BANGALORE

THE DEPUTY COMMISSIONER, KOLAR DISTRICT)

Thro,

Sir

With reference to your letter No.L;5992 L.B. 179-27-1 dated the 28th March 1928 suggesting the desirability of creating a sinking fund for the discharge of the debenture loan raised by the Board I have the honour to state that the question was considered by the Board in their meeting held on the 23rd instant and hey are in agreement with the proposals

Copy of their resolution is enclosed.

I have the honour to be,
S i r,
Your most obedient servant.

C. B. Gopalarao
P r e s i d e n t,
District Board, Kolar

OFFICE OF THE DEPUTY COMMISSIONER
2 JUN 1928
GL.
1649

Forwarded with compliments

Dated 4-6-1928

Deputy Commissioner
Kolar District

PROCEEDINGS OF THE KOLAR DISTRICT BOARD MEETING

HELD ON THE.....22nd May 1928.

XX

No. Letter No.L. 5992 L.B. 179-27-1 dated 28.3.28 from the General Secretary to Government, suggesting procedure to create a sinking fund to repay the loan raised by the Board.

Recommendation of the Standing Committee.

The proposals are accepted and will be given effect to from 1928-1929. The deposits may me made in the Government Savings Bank.

Approved

XX

"EXTRACT"

C. L. Gopalakrishna

PRESIDENT,
District Board, Kolar.